



SENATE BILL No. 1146

September 17, 1996, Introduced by Senators GEAKE, SCHWARZ and MC MANUS and referred to the Committee on Appropriations.

A bill to amend the title and sections 2, 3, 11, 12, 13, 14, 21, 27, 27a, 28, 29, 32, 43a, 43c, 43e, 43f, 47, and 52 of Act No. 38 of the Public Acts of 1969, entitled as amended "Hospital finance authority act," sections 2, 3, 12, 14, and 43a as amended by Act No. 428 of the Public Acts of 1994, sections 11 and 43f as amended by Act No. 302 of the Public Acts of 1992, section 27 as amended by Act No. 48 of the Public Acts of 1983, and section 52 as amended by Act No. 206 of the Public Acts of 1983, being sections 331.32, 331.33, 331.41, 331.42, 331.43, 331.44, 331.51, 331.57, 331.57a, 331.58, 331.59, 331.62, 331.73a, 331.73c, 331.73e, 331.73f, 331.77, and 331.82 of the Michigan Compiled Laws; and to add sections 13a and 13b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. The title and sections 2, 3, 11, 12, 13, 14, 21,
2 27, 27a, 28, 29, 32, 43a, 43c, 43e, 43f, 47, and 52 of Act No. 38
3 of the Public Acts of 1969, sections 2, 3, 12, 14, and 43a as
4 amended by Act No. 428 of the Public Acts of 1994, sections 11
5 and 43f as amended by Act No. 302 of the Public Acts of 1992,
6 section 27 as amended by Act No. 48 of the Public Acts of 1983,
7 and section 52 as amended by Act No. 206 of the Public Acts of
8 1983, being sections 331.32, 331.33, 331.41, 331.42, 331.43,
9 331.44, 331.51, 331.57, 331.57a, 331.58, 331.59, 331.62, 331.73a,
10 331.73c, 331.73e, 331.73f, 331.77, and 331.82 of the Michigan
11 Compiled Laws, are amended and sections 13a and 13b are added to
12 read as follows:

TITLE

14 An act to create a state hospital finance authority to lend
15 money to nonprofit hospitals, NONPROFIT EDUCATIONAL INSTITUTIONS,
16 NONPROFIT RETIREMENT HOUSING INSTITUTIONS, and nonprofit health
17 care providers for capital improvements or to refinance hospital,
18 health care, EDUCATION, and ~~certain~~ retirement housing indebt-
19 edness; to provide for the incorporation of local hospital
20 authorities with power to lend money to nonprofit hospitals and
21 nonprofit health care providers for hospital and health care
22 indebtedness or to refinance hospital ~~—~~ AND health care ~~—~~ and
23 ~~certain retirement housing~~ indebtedness; to construct, acquire,
24 reconstruct, remodel, improve, add to, enlarge, repair, own,
25 lease, and sell hospital and health care facilities; to finance
26 AND REFINANCE outstanding hospital ~~—~~ AND health care ~~—~~ and
27 ~~certain retirement housing~~ indebtedness; to authorize the

1 authorities to borrow money and issue obligations to accomplish
2 the purposes of this act, including the refunding or advance
3 refunding of obligations issued by certain entities; to permit
4 the authorities to enter into loans, contracts, leases, mort-
5 gages, and security agreements which may include provisions for
6 the appointment of receivers; to exempt obligations and property
7 of the authorities from taxation; and to provide other rights,
8 powers, and duties of the authorities.

9 Sec. 2. It is declared that, for the benefit of the people
10 of this state and the improvement of their health, welfare, and
11 living conditions, it is essential that hospitals within this
12 state be provided with appropriate means at reasonable cost to
13 maintain, expand, enlarge, and establish health care, hospitals,
14 nursing care, ~~certain retirement housing,~~ and other related
15 facilities; THAT EDUCATIONAL INSTITUTIONS BE PROVIDED WITH THE
16 MEANS TO FINANCE THE ACQUISITION, CONSTRUCTION, IMPROVEMENT, AND
17 EQUIPPING OF EDUCATIONAL FACILITIES AT REASONABLE COST; THAT
18 RETIREMENT HOUSING INSTITUTIONS BE PROVIDED THE MEANS TO FINANCE
19 THE ACQUISITION, CONSTRUCTION, IMPROVEMENT, AND EQUIPPING OF
20 RETIREMENT HOUSING FACILITIES AT REASONABLE COST; that hospitals,
21 EDUCATIONAL INSTITUTIONS, AND RETIREMENT HOUSING INSTITUTIONS be
22 provided with the ability to refinance indebtedness; ~~and~~ that
23 ~~authorities~~ THE STATE AUTHORITY created ~~or incorporated~~ under
24 this act be provided with the ability to refund or to refund in
25 advance obligations issued for the benefit of hospitals, EDUCA-
26 TIONAL INSTITUTIONS, AND RETIREMENT HOUSING INSTITUTIONS; AND
27 THAT THE LOCAL AUTHORITIES INCORPORATED UNDER THIS ACT BE

1 PROVIDED WITH THE ABILITY TO REFUND OR REFUND IN ADVANCE CERTAIN
2 OBLIGATIONS ISSUED FOR THE BENEFIT OF HOSPITALS. This act shall
3 provide a method to enable hospitals, EDUCATIONAL INSTITUTIONS,
4 AND RETIREMENT HOUSING INSTITUTIONS in this state to provide or
5 maintain at reasonable cost pursuant to reasonable terms the
6 facilities, structures, and services needed to accomplish the
7 purposes of this act, all to the public benefit and good, to the
8 extent and manner provided in this act.

9 Sec. 3. As used in this act:

10 ~~(a) "State authority" means the hospital finance authority~~
11 ~~created by this act.~~

12 ~~(b) "Local authority" means a public municipal corporation~~
13 ~~incorporated under this act.~~

14 ~~(c) "Incorporating unit" means a county, city, village, or~~
15 ~~township or a combination thereof incorporating a local authority~~
16 ~~pursuant to this act.~~

17 ~~(d) "Governing body" means the board charged with the gov-~~
18 ~~erning of the incorporating unit.~~

19 ~~(e) Except as provided in subdivision (f)(iii), "hospital"~~
20 ~~means a nonpublic corporation, association, institution, or~~
21 ~~establishment located within this state for the care of the sick~~
22 ~~or wounded or of those who require medical treatment or nursing~~
23 ~~care or home for the aged or which provides retirement housing~~
24 ~~facilities described in subdivision (f)(iii) operated without~~
25 ~~profit to an individual, corporation, or association. It~~
26 ~~includes nonprofit corporations or other nonprofit organizations~~
27 ~~engaged in some phase of hospital, nursing care, home for the~~

~~1 aged, or, to the extent described in subdivision (f)(iii),
2 retirement housing activity or in owning, controlling, or provid-
3 ing a supporting service to hospitals or public corporations that
4 operate or own hospital facilities.~~

~~5 (f) "Hospital facilities" means any of the following:~~

~~6 (i) A building or structure suitable and intended for, or
7 incidental or ancillary to, use by a hospital and includes nurs-
8 ing homes, homes for the aged, outpatient clinics, laboratories,
9 laundries, nurses', doctors', or interns' residences, administra-
10 tion buildings, facilities for research directly involved with
11 hospital care, maintenance, storage, or utility facilities, park-
12 ing lots, and garages and all necessary, useful, or related
13 equipment, furnishings, and appurtenances and all lands necessary
14 or convenient as a site for these facilities.~~

~~15 (ii) An office facility not less than 80% of which is
16 intended for lease to direct providers of health care, and that
17 has been determined by the department of public health to meet a
18 demonstrated need and to be geographically or functionally
19 related to + or more other hospital facilities, if the authority
20 that is issuing the bonds determines the financing of the office
21 facility is necessary to accomplish the purposes and objectives
22 of this act.~~

~~23 (iii) For the purpose of refinancing or refunding debt
24 described in this subdivision only, retirement housing facilities
25 owned by a nonpublic, nonprofit organization on September +,
26 +994, placed in service on or before September +, +994, and for
27 which there was outstanding on September +, +994 debt incurred~~

~~1 for the construction or acquisition of the retirement housing~~
~~2 facilities, which debt is not eligible for refinancing by the~~
~~3 Michigan state housing development authority solely by reason of~~
~~4 the provisions of section 44c(2) of the state housing development~~
~~5 authority act, Act No. 346 of the Public Acts of 1966, being~~
~~6 section 125.1444c of the Michigan Compiled Laws, provided that~~
~~7 the refinancing debt, incurred with an authority created by or~~
~~8 incorporated under this act to refinance the retirement housing~~
~~9 facilities, is debt that a nonprofit hospital or nonprofit nurs-~~
~~10 ing home or a nonprofit entity which owns or controls or is owned~~
~~11 or controlled by a nonprofit hospital or nonprofit nursing home~~
~~12 is obligated to repay and that no allocation of the state volume~~
~~13 limitation on tax exempt obligations is required with respect to~~
~~14 the refinancing debt or obligations issued by an authority cre-~~
~~15 ated by or incorporated under this act to fund that refinancing~~
~~16 debt. As used in this subparagraph:~~

~~17 (A) "Hospital" means that term as defined in section 20106~~
~~18 of the public health code, Act No. 368 of the Public Acts of~~
~~19 1978, being section 333.20106 of the Michigan Compiled Laws.~~

~~20 (B) "Nursing home" means that term as defined in~~
~~21 section 20109 of Act No. 368 of the Public Acts of 1978, being~~
~~22 section 333.20109 of the Michigan Compiled Laws.~~

~~23 (g) "Hospital loan" means a loan made by the state authority~~
~~24 or a local authority to a hospital.~~

~~25 (h) "Project costs" means the total of the reasonable or~~
~~26 necessary costs incurred for carrying out the works and~~
~~27 undertakings for the acquisition or construction of hospital~~

~~1 facilities under this act. These include the costs of studies
2 and surveys, plans and specifications, architectural and engi-
3 neering services, legal, organization, marketing, or other spe-
4 cial services, financing, acquisition, demolition, construction,
5 equipment, and site development of new and rehabilitated build-
6 ings, rehabilitation, reconstruction, repair, or remodeling of
7 existing buildings, interest and carrying charges during con-
8 struction and before full earnings are achieved and operating
9 expenses before full earnings are achieved or a period of 1 year
10 following the completion of construction, whichever occurs first,
11 and a reasonable reserve for payment of principal and interest on
12 bonds or notes of the authority. Project costs include reim-
13 bursement of a hospital for the costs described in this subdivi-
14 sion expended by a hospital either from its own funds or from
15 money borrowed by the hospital for such purposes before issuance
16 and delivery of bonds by the authority for the purpose of provid-
17 ing funds to pay the project costs. Project costs also includes
18 the refinancing of any existing debt of a hospital necessary in
19 order to permit the hospital to borrow or lease from the author-
20 ity and give adequate security for the loan or lease. The deter-
21 mination of the authority with respect to the necessity of refi-
22 nancing and adequate security for a loan or lease is conclusive
23 except with respect to the approval of the municipal finance com-
24 mission or its successor agency when prior approval is required.~~

~~25 (i) "Direct provider of health care" means a person or
26 organization whose primary current activity is the provision of
27 health care to individuals, and includes a licensed or certified~~

~~1 physician, dentist, nurse, podiatrist, physician's assistant, or
2 an organization comprised of these health professionals or
3 employing these health professionals.~~

4 (A) "AMBULANCE OPERATION" MEANS A NONPROFIT CORPORATION OR
5 ORGANIZATION LICENSED UNDER PART 209 OF THE PUBLIC HEALTH CODE,
6 ACT NO. 368 OF THE PUBLIC ACTS OF 1978, BEING SECTIONS 333.20901
7 TO 333.20979 OF THE MICHIGAN COMPILED LAWS, TO PROVIDE EMERGENCY
8 MEDICAL SERVICES AND PATIENT TRANSPORT.

9 (B) "DIRECT PROVIDER OF HEALTH CARE" MEANS A PERSON OR
10 ORGANIZATION WHOSE PRIMARY CURRENT ACTIVITY IS THE PROVISION OF
11 HEALTH CARE TO INDIVIDUALS, AND INCLUDES A LICENSED OR CERTIFIED
12 PHYSICIAN, DENTIST, NURSE, PODIATRIST, OR PHYSICIAN'S ASSISTANT
13 OR AN ORGANIZATION COMPRISED OF THESE HEALTH PROFESSIONALS OR
14 EMPLOYING THESE HEALTH PROFESSIONALS.

15 (C) "EDUCATIONAL FACILITIES" MEANS LAND, LAND IMPROVEMENTS,
16 STRUCTURES, FURNISHINGS, AND EQUIPMENT INTENDED FOR, OR INCIDENT-
17 TAL OR ANCILLARY TO, USE BY AN EDUCATIONAL INSTITUTION, EXCEPT
18 THAT EDUCATIONAL FACILITIES DO NOT INCLUDE A FACILITY USED OR TO
19 BE USED FOR SECTARIAN INSTRUCTION OR AS A PLACE OF RELIGIOUS WOR-
20 SHIP OR A FACILITY WHICH IS USED OR TO BE USED PRIMARILY IN CON-
21 NECTION WITH A PART OF THE PROGRAM OF A SCHOOL OR DEPARTMENT OF
22 DIVINITY FOR A RELIGIOUS DENOMINATION.

23 (D) "EDUCATIONAL INSTITUTION" MEANS A PRIVATE OR NONPUBLIC,
24 NONPROFIT EDUCATIONAL INSTITUTION WITHIN THE STATE AUTHORIZED BY
25 LAW TO PROVIDE A PROGRAM OF EDUCATION BEYOND THE HIGH SCHOOL
26 LEVEL.

1 (E) "EDUCATIONAL LOAN" MEANS A LOAN TO AN EDUCATIONAL
2 INSTITUTION.

3 (F) "FACILITIES" MEANS HOSPITAL FACILITIES, EDUCATIONAL
4 FACILITIES, OR RETIREMENT HOUSING FACILITIES UNLESS THE CONTEXT
5 INDICATES A DIFFERENT MEANING IS INTENDED.

6 (G) "GOVERNING BODY" MEANS THE BOARD CHARGED WITH THE GOV-
7 ERNING OF THE INCORPORATING UNIT.

8 (H) "HOSPITAL", EXCEPT AS PROVIDED IN SUBDIVISION (Q) AND IN
9 SECTION 13B, MEANS A NONPUBLIC CORPORATION, ASSOCIATION, INSTITU-
10 TION, OR ESTABLISHMENT LOCATED WITHIN THIS STATE FOR THE CARE OF
11 THE SICK OR WOUNDED OR OF THOSE WHO REQUIRE MEDICAL TREATMENT OR
12 NURSING CARE OR HOME FOR THE AGED CARE OPERATED WITHOUT PROFIT TO
13 AN INDIVIDUAL, CORPORATION, OR ASSOCIATION. HOSPITAL INCLUDES
14 NONPROFIT CORPORATIONS OR OTHER NONPROFIT ORGANIZATIONS ENGAGED
15 IN SOME PHASE OF HOSPITAL CARE, NURSING CARE, OR HOME FOR THE
16 AGED CARE, OR IN OWNING, CONTROLLING, OR PROVIDING AN AMBULANCE
17 OPERATION OR ANOTHER SUPPORTING SERVICE TO HOSPITALS OR PUBLIC
18 CORPORATIONS THAT OPERATE OR OWN HOSPITAL FACILITIES.

19 (I) "HOSPITAL FACILITIES" MEANS 1 OR MORE OF THE FOLLOWING:

20 (i) A BUILDING OR STRUCTURE SUITABLE AND INTENDED FOR, OR
21 INCIDENTAL OR ANCILLARY TO, USE BY A HOSPITAL AND INCLUDES NURS-
22 ING HOMES, HOMES FOR THE AGED, OUTPATIENT CLINICS, LABORATORIES,
23 LAUNDRIES, NURSES', DOCTORS', OR INTERNS' RESIDENCES, ADMINISTRA-
24 TION BUILDINGS, FACILITIES FOR RESEARCH DIRECTLY INVOLVED WITH
25 HOSPITAL CARE, MAINTENANCE, STORAGE, OR UTILITY FACILITIES, PARK-
26 ING LOTS, AND GARAGES AND ALL NECESSARY, USEFUL, OR RELATED

1 EQUIPMENT, FURNISHINGS, AND APPURTENANCES AND ALL LANDS NECESSARY
2 OR CONVENIENT AS A SITE FOR THESE FACILITIES.

3 (ii) AN OFFICE FACILITY NOT LESS THAN 80% OF WHICH IS
4 INTENDED FOR LEASE TO DIRECT PROVIDERS OF HEALTH CARE, AND WHICH
5 IS GEOGRAPHICALLY OR FUNCTIONALLY RELATED TO 1 OR MORE OTHER HOS-
6 PITAL FACILITIES, IF THE AUTHORITY THAT IS ISSUING THE BONDS
7 DETERMINES THE FINANCING OF THE OFFICE FACILITY IS NECESSARY TO
8 ACCOMPLISH THE PURPOSES AND OBJECTIVES OF THIS ACT.

9 (J) "HOSPITAL LOAN" MEANS A LOAN MADE BY THE STATE AUTHORITY
10 OR A LOCAL AUTHORITY TO A HOSPITAL.

11 (K) "INCORPORATING UNIT" MEANS A COUNTY, CITY, VILLAGE, OR
12 TOWNSHIP OR A COMBINATION OF A COUNTY, CITY, VILLAGE, OR TOWNSHIP
13 INCORPORATING A LOCAL AUTHORITY UNDER THIS ACT.

14 (L) "INSTITUTION" MEANS A HOSPITAL, EDUCATIONAL INSTITUTION,
15 OR RETIREMENT HOUSING INSTITUTION UNLESS THE CONTEXT INDICATES A
16 DIFFERENT MEANING IS INTENDED.

17 (M) "LOAN" MEANS A HOSPITAL LOAN, AN EDUCATIONAL LOAN, OR A
18 RETIREMENT HOUSING LOAN.

19 (N) "LOCAL AUTHORITY" MEANS A PUBLIC MUNICIPAL CORPORATION
20 INCORPORATED UNDER THIS ACT.

21 (O) "PROJECT COSTS" MEANS THE TOTAL OF THE REASONABLE OR
22 NECESSARY COST INCURRED FOR CARRYING OUT THE WORKS AND UNDERTAK-
23 INGS OF THE ACQUISITION OR CONSTRUCTION OF FACILITIES UNDER THIS
24 ACT. PROJECT COSTS INCLUDE THE COSTS OF STUDIES AND SURVEYS;
25 PLANS AND SPECIFICATIONS; ARCHITECTURAL AND ENGINEERING SERVICES;
26 LEGAL, ORGANIZATION, MARKETING, OR OTHER SPECIAL SERVICES;
27 FINANCING, ACQUISITION, DEMOLITION, CONSTRUCTION, EQUIPMENT, AND

1 SITE DEVELOPMENT OF NEW AND REHABILITATED BUILDINGS;
2 REHABILITATION, RECONSTRUCTION, REPAIR, OR REMODELING OF EXISTING
3 BUILDINGS; INTEREST AND CARRYING CHARGES DURING CONSTRUCTION AND
4 BEFORE FULL EARNINGS ARE ACHIEVED AND OPERATING EXPENSES BEFORE
5 FULL EARNINGS ARE ACHIEVED OR A PERIOD OF 1 YEAR FOLLOWING THE
6 COMPLETION OF CONSTRUCTION, WHICHEVER OCCURS FIRST; AND A REASON-
7 ABLE RESERVE FOR PAYMENT OF PRINCIPAL AND INTEREST ON BONDS OR
8 NOTES OF THE AUTHORITY. PROJECT COSTS INCLUDE REIMBURSEMENT TO
9 AN INSTITUTION FOR THE COSTS DESCRIBED IN THIS SUBDIVISION
10 EXPENDED BY AN INSTITUTION EITHER FROM ITS OWN FUNDS OR FROM
11 MONEY BORROWED BY THE INSTITUTION FOR SUCH PURPOSES BEFORE ISSU-
12 ANCE AND DELIVERY OF BONDS BY THE AUTHORITY FOR THE PURPOSE OF
13 PROVIDING FUNDS TO PAY THE PROJECT COSTS. PROJECT COSTS ALSO
14 INCLUDES THE REFINANCING OF ANY EXISTING DEBT OF AN INSTITUTION
15 NECESSARY IN ORDER TO PERMIT THE INSTITUTION TO BORROW OR LEASE
16 FROM THE AUTHORITY AND GIVE ADEQUATE SECURITY FOR THE LOAN OR
17 LEASE. HOWEVER, A LOCAL AUTHORITY MAY ONLY FINANCE OR REFINANCE
18 PROJECT COSTS RELATED TO A HOSPITAL FACILITY. THE DETERMINATION
19 OF AN AUTHORITY WITH RESPECT TO THE NECESSITY OF REFINANCING AND
20 ADEQUATE SECURITY FOR A LOAN OR LEASE IS CONCLUSIVE EXCEPT WITH
21 RESPECT TO THE APPROVAL OF THE MUNICIPAL FINANCE COMMISSION OR
22 ITS SUCCESSOR AGENCY WHEN PRIOR APPROVAL IS REQUIRED.

23 (P) "RETIREMENT HOUSING FACILITIES" MEANS ASSISTED LIVING
24 FACILITIES, CONTINUING CARE RETIREMENT COMMUNITY FACILITIES,
25 LONG-TERM CARE FACILITIES, INDEPENDENT LIVING FACILITIES, OR SIM-
26 ILAR HOUSING FACILITIES PRIMARILY INTENDED FOR RETIRED PERSONS

1 AND INCLUDES ALL NECESSARY, USEFUL, OR RELATED LAND, LAND
2 IMPROVEMENTS, STRUCTURES, FURNISHINGS, AND EQUIPMENT.

3 (Q) "RETIREMENT HOUSING INSTITUTION" MEANS A NONPUBLIC, NON-
4 PROFIT ORGANIZATION WHICH HAS THE CORPORATE POWER TO OWN AND
5 OPERATE RETIREMENT HOUSING FACILITIES AND WHICH IS OWNED OR CON-
6 TROLLED BY A NONPROFIT HOSPITAL OR A NONPROFIT NURSING HOME OR BY
7 A NONPROFIT ENTITY THAT OWNS OR CONTROLS A NONPROFIT HOSPITAL OR
8 NONPROFIT NURSING HOME DIRECTLY OR INDIRECTLY THROUGH A
9 SUBSIDIARY. AS USED IN THIS SUBDIVISION AND IN SECTION 13B:

10 (i) "HOSPITAL" MEANS THAT TERM AS DEFINED IN SECTION 20106
11 OF THE PUBLIC HEALTH CODE, ACT NO. 368 OF THE PUBLIC ACTS OF
12 1978, BEING SECTION 333.20106 OF THE MICHIGAN COMPILED LAWS.

13 (ii) "NURSING HOME" MEANS THAT TERM AS DEFINED IN SECTION
14 20109 OF ACT NO. 368 OF THE PUBLIC ACTS OF 1978, BEING SECTION
15 333.20109 OF THE MICHIGAN COMPILED LAWS.

16 (R) "RETIREMENT HOUSING LOAN" MEANS A LOAN TO A RETIREMENT
17 HOUSING INSTITUTION.

18 (S) "STATE AUTHORITY" MEANS THE HOSPITAL FINANCE AUTHORITY
19 CREATED BY THIS ACT.

20 Sec. 11. (1) The state hospital finance authority is
21 created. The state authority is a public body corporate and pol-
22 itic of ~~the~~ THIS state and shall consist of the director of the
23 department of ~~public~~ COMMUNITY health, the state treasurer, 4
24 public members, and a chairperson. The 4 public members and
25 chairperson shall be appointed by the governor, by and with the
26 advice and consent of the senate. The public members and the
27 chairperson of the authority shall serve for terms of 4 years, or

1 until a successor is appointed and qualified by taking and filing
2 the constitutional oath of office, whichever is later. Vacancies
3 shall be filled for the unexpired term in the same manner as the
4 original appointment. The director of ~~public~~ THE DEPARTMENT OF
5 COMMUNITY health and the state treasurer may each designate a
6 deputy or other employee of their respective departments to serve
7 as a member of the state authority in their absences. The deputy
8 or other employee of that department shall serve at the pleasure
9 of the director of ~~public~~ THE DEPARTMENT OF COMMUNITY health or
10 the state treasurer. A majority of the members constitute a
11 quorum for the purpose of conducting the business and exercising
12 the powers of the state authority. Action may be taken by the
13 state authority upon the vote of the majority of its members.

14 (2) Members of the state authority shall not receive compen-
15 sation for services but are entitled to the necessary expenses,
16 including traveling expenses, incurred in the discharge of their
17 duties. Any payments for compensation and expenses shall be paid
18 from the funds of the STATE authority.

19 (3) The state authority is located within the department of
20 treasury and shall exercise its prescribed statutory powers,
21 duties, and functions independently of the head of the department
22 OF TREASURY.

23 (4) The business that the state hospital finance authority
24 may perform shall be conducted at a public meeting of the author-
25 ity held in compliance with the open meetings act, Act No. 267 of
26 the Public Acts of 1976, being sections 15.261 to 15.275 of the
27 Michigan Compiled Laws. Public notice of the time, date, and

1 place of the meeting shall be given in the manner required by Act
2 No. 267 of the Public Acts of 1976.

3 Sec. 12. The state authority has the powers necessary to
4 carry out and effectuate the purposes of this act, including, but
5 not limited to, all of the following:

6 (a) To sue and be sued, to have a seal and authority to
7 alter that seal at pleasure, to have perpetual succession, to
8 make, execute, and deliver contracts, conveyances, and other
9 instruments necessary or convenient to the exercise of its
10 powers, and to make and amend bylaws.

11 (b) To solicit and accept gifts, grants, loans, and other
12 aids from any person, corporation, or governmental agency.

13 (c) To make loans, to participate in the making of loans, to
14 undertake commitments, to make loans and mortgages, to sell loans
15 and mortgages at public or private sale, to modify or alter loans
16 and mortgages, to discharge loans and mortgages, to foreclose on
17 a mortgage or commence an action to protect or enforce a right
18 conferred upon the state authority by a law, mortgage, loan, con-
19 tract, or other agreement, to bid for and purchase property that
20 was the subject of a mortgage at a foreclosure or at any other
21 sale and to acquire or take possession of that property, to com-
22 plete, administer, pay the principal and interest on any obliga-
23 tions incurred in connection with acquired property, and to dis-
24 pose of and otherwise deal with the property in a manner neces-
25 sary or desirable to protect the interests of the state authority
26 in the property. The loans made by the authority may be secured
27 or unsecured, as the authority determines.

1 (d) To loan money to ~~hospitals~~ INSTITUTIONS for the
2 purpose of refinancing any outstanding indebtedness of ~~a~~
3 ~~hospital~~ AN INSTITUTION if the state authority determines the
4 refinancing is necessary to realize the objectives and purposes
5 of this act INCLUDING ANY APPLICABLE REQUIREMENTS OF SECTIONS 13A
6 AND 13B. A ~~hospital~~ loan made pursuant to this subdivision
7 shall not exceed the amount of the principal, interest, and
8 redemption premium, if any, of the indebtedness to be refinanced
9 that has not been repaid, plus the marketing, financing, legal,
10 and other costs incurred in connection with the refinancing and
11 the issuance of bonds of the state authority issued in whole or
12 in part to provide funds to make the ~~hospital~~ loan described in
13 this subdivision, including the costs of funding a bond reserve
14 and paying capitalized interest on the bonds for a period not to
15 exceed 1 year after the issuance of the bonds. The determination
16 of the state authority under this subdivision is conclusive
17 except with respect to the approval of the municipal finance com-
18 mission or its successor agency when prior approval is required.

19 (e) To charge, impose, and collect fees and charges in con-
20 nection with its loans, commitments, and servicing including
21 reimbursement of costs of financing by the STATE authority, serv-
22 ice charges, insurance premiums, and an allocable share of the
23 operating expenses of the STATE authority and to make provision
24 for increasing those fees and charges, if necessary, as the state
25 authority determines is reasonable and approved by the state
26 authority.

1 (f) To acquire, hold, and dispose of real or personal
2 property convenient for the accomplishment of the purpose of this
3 act.

4 (g) To procure insurance against a loss in connection with
5 its property, assets, or activities.

6 (h) To borrow money and issue its bonds or notes for the
7 money and provide for the rights of the holders of the bonds or
8 notes and to secure the bonds by mortgage, assignment, or pledge
9 of any or all of its properties including any part of the secur-
10 ity for its hospital loans. The state shall not be liable on any
11 bonds OR NOTES of the state authority, the bonds and notes are
12 not a debt of the state, and each bond and note shall contain on
13 its face a statement to that effect.

14 (i) To invest any funds not required for immediate use or
15 disbursement, at its discretion, in any of the following:

16 (i) Obligations of this state, the United States, or an
17 agency of the United States.

18 (ii) Obligations the principal and interest of which are
19 guaranteed by this state or the United States.

20 (iii) Certificates of deposit of a bank that is a member of
21 the federal reserve system.

22 (iv) Certificates of deposit of a savings and loan associa-
23 tion that is a member of the federal home loan bank system.

24 (v) Commercial paper that is rated at the time of purchase
25 within the 2 highest classifications established by not less than
26 2 national rating services and that matures not more than 270
27 days after the date of purchase.

1 (vi) In United States government or federal agency
2 obligation repurchase agreements.

3 (vii) In bankers' acceptances of United States banks.

4 (viii) In mutual funds composed of investment vehicles that
5 are legal for direct investment by the state authority.

6 (ix) Subject to the approval of the state treasurer, obliga-
7 tions specified by the state authority in a contract with the
8 holders of its bonds or notes.

9 (j) To engage necessary personnel and to engage the services
10 of private consultants for rendering professional and technical
11 assistance and advice.

12 (k) To promulgate rules necessary to carry out the purposes
13 of this act and to exercise the powers expressly granted in this
14 act pursuant to the administrative procedures act of 1969, Act
15 No. 306 of the Public Acts of 1969, ~~as amended,~~ being sections
16 24.201 to 24.328 of the Michigan Compiled Laws.

17 (l) To enter into interest rate exchanges or swaps, hedges,
18 or similar agreements with respect to its bonds or notes in the
19 same manner and subject to the same limitations and conditions as
20 provided for a municipality in section 15 of chapter III of the
21 municipal finance act, Act No. 202 of the Public Acts of 1943,
22 being section 133.15 of the Michigan Compiled Laws.

23 Sec. 13. ~~The~~ SUBJECT TO SECTIONS 13A AND 13B, THE state
24 authority may lend money to ~~hospitals~~ INSTITUTIONS for the
25 acquisition, construction, improvement, or alteration of
26 ~~hospital~~ facilities. A ~~hospital~~ loan shall not be made
27 unless the state authority is reasonably satisfied that there

1 will be made available to the ~~hospital~~ INSTITUTION from the
2 ~~hospital~~ loan and other sources all the funds necessary to pay
3 all project costs; that the ~~hospital facility~~ FACILITIES and
4 other revenues pledged will produce sufficient revenues to meet
5 the principal and interest on the ~~hospital~~ loan, other costs,
6 expenses, and charges in connection with the loan and other
7 charges or obligations of the ~~hospital which~~ INSTITUTION THAT
8 may be prior or equal to the loan promptly as they become due;
9 and that the ~~hospital~~ INSTITUTION is otherwise soundly
10 financed. The ~~hospital~~ loan may be secured by a mortgage of
11 property of the ~~hospital~~ INSTITUTION including the ~~hospital~~
12 ~~facility~~ FACILITIES and may provide for the appointment of a
13 receiver to operate the ~~hospital~~ facilities in case of
14 default. A ~~hospital~~ loan made pursuant to this section shall
15 not exceed the project costs as determined by the state
16 authority. A loan shall be secured in a manner, be repaid in a
17 period not exceeding 50 years, and bear interest at a rate, as
18 determined by the STATE authority, which rate may be decreased or
19 increased so that it is not less than the rate paid by the STATE
20 authority on notes, renewal notes, or bonds issued to fund the
21 loan.

22 SEC. 13A. THE STATE AUTHORITY MAY LEND MONEY TO AN EDUCA-
23 TIONAL INSTITUTION FOR THE ACQUISITION, CONSTRUCTION, RENOVATION,
24 OR EQUIPPING OF EDUCATIONAL FACILITIES; OR TO REFINANCE INDEBTED-
25 NESS OF AN EDUCATIONAL INSTITUTION. HOWEVER, AN EDUCATIONAL LOAN
26 MAY BE MADE ONLY OUT OF THE PROCEEDS OF BONDS ISSUED FOR THE

1 BENEFIT OF 1 OR MORE HOSPITALS OR RETIREMENT HOUSING INSTITUTIONS
2 AS WELL AS 1 OR MORE EDUCATIONAL INSTITUTIONS.

3 SEC. 13B. THE STATE AUTHORITY MAY LEND MONEY TO A RETIRE-
4 MENT HOUSING INSTITUTION FOR THE ACQUISITION, CONSTRUCTION, RENO-
5 VATION, OR EQUIPPING OF RETIREMENT HOUSING FACILITIES; OR TO
6 REFINANCE INDEBTEDNESS OF A RETIREMENT HOUSING INSTITUTION.
7 HOWEVER, A LOAN TO FINANCE RETIREMENT HOUSING FACILITIES OR TO
8 REFINANCE INDEBTEDNESS OF A RETIREMENT HOUSING INSTITUTION MUST
9 BE DEBT THAT A NONPROFIT HOSPITAL OR NONPROFIT NURSING HOME OR A
10 NONPROFIT ENTITY WHICH OWNS OR CONTROLS OR IS OWNED OR CONTROLLED
11 BY A NONPROFIT HOSPITAL OR NONPROFIT NURSING HOME IS OBLIGATED TO
12 REPAY AND THAT NO ALLOCATION OF THE STATE VOLUME LIMITATION ON
13 TAX EXEMPT OBLIGATIONS IS REQUIRED WITH RESPECT TO THE DEBT OR
14 OBLIGATIONS ISSUED BY THE STATE AUTHORITY TO FUND THAT DEBT. AS
15 USED IN THIS SECTION, "HOSPITAL" AND "NURSING HOME" HAVE THE
16 MEANING STATED UNDER THE DEFINITION "RETIREMENT HOUSING
17 INSTITUTION" IN THIS ACT.

18 Sec. 14. (1) The state authority periodically may issue its
19 negotiable bonds and notes, including, but not limited to, com-
20 mercial paper in a principal amount that, in the opinion of the
21 state authority, is necessary to provide sufficient funds for the
22 making of ~~hospital~~ loans, including temporary loans during the
23 construction of ~~hospital~~ facilities, and for the payment of
24 interest on bonds and notes of the state authority during con-
25 struction of ~~hospital~~ facilities for which the ~~hospital~~ loan
26 was made and for a reasonable time after the loan was made and

1 for the establishment of reserves to secure those bonds and
2 notes.

3 (2) The state authority periodically may issue renewal
4 notes, may issue bonds to pay notes, and if the state authority
5 considers refunding expedient, to refund or to refund in advance
6 bonds or notes issued by an entity for the benefit of ~~a~~
7 ~~hospital~~ AN INSTITUTION, pursuant to the requirements of sec-
8 tions 43a to 43g.

9 (3) Except as may otherwise be expressly provided by the
10 state authority, every issue of its notes or bonds shall be gen-
11 eral obligations of the authority payable out of any properties,
12 revenues, or money of the state authority, subject only to any
13 agreements with the holders of particular notes or bonds pledging
14 any particular properties, revenues, or money.

15 (4) A resolution authorizing notes or bonds or an issue of
16 notes or bonds under this chapter may contain provisions, which
17 are a part of the contract with the holders of the bonds or
18 notes, regarding 1 or more of the following:

19 (a) Pledging and creating a lien on all or any part of the
20 fees and charges made or received or to be received by the state
21 authority, all or any part of the money received in payment of
22 ~~hospital~~ loans and interest on ~~hospital~~ loans, and other
23 money received or to be received, to secure the payment of the
24 notes or bonds or of any issue of notes or bonds, subject to
25 those agreements with bondholders or noteholders that then
26 exist.

1 (b) Pledging and creating a lien on all or any part of the
2 assets of the state authority, including notes, mortgages, and
3 obligations securing the assets, to secure the payment of the
4 notes or bonds or of any issue of notes or bonds, subject to
5 those agreements with noteholders or bondholders that then
6 exist.

7 (c) Pledging and creating a lien on any loan, grant, or con-
8 tribution to be received from the federal, state, or local gov-
9 ernment or other source.

10 (d) The use and disposition of the income from ~~hospital~~
11 loans and mortgages owned by the state authority and payment of
12 principal and interest of mortgages and loans owned by the state
13 authority.

14 (e) The setting aside of reserves or sinking funds and the
15 regulation and disposition of those reserves or sinking funds.

16 (f) Limitations on the purpose to which the proceeds of the
17 sale of notes or bonds may be applied and pledging the proceeds
18 to secure the payment of the notes or bonds or of any issue of
19 the notes or bonds.

20 (g) Limitations on the issuance of additional notes or bonds
21 and the terms upon which additional notes or bonds may be issued
22 and secured.

23 (h) The procedure by which the terms of a contract with
24 noteholders or bondholders may be amended or abrogated, the
25 amount of notes or bonds the holders of which must consent to the
26 amendment or abrogation, and the manner in which the consent may
27 be given.

1 (i) Vesting in a trustee or trustees the property, rights,
2 powers, remedies, and duties that the state authority considers
3 necessary or convenient.

4 (5) Within limitations stated in the issuance or authoriza-
5 tion resolution of the state authority, the state authority may
6 authorize a member of the state authority or an officer or other
7 employee of the state authority to do 1 or more of the
8 following:

9 (a) Sell, deliver, and receive payment for notes or bonds.

10 (b) Refund notes or bonds by the delivery of new notes or
11 bonds whether or not the notes or bonds to be refunded have
12 matured or are subject to redemption.

13 (c) Deliver notes or bonds, to refund notes or bonds or for
14 any other authorized purpose.

15 (d) Purchase notes or bonds issued by the state authority
16 and resell those notes or bonds.

17 (e) Approve interest rates or methods for fixing interest
18 rates, prices, discounts, maturities, principal amounts, denomi-
19 nations, dates of issuance, mandatory or optional redemption pro-
20 visions, the place of delivery and payment, and other matters and
21 procedures necessary to complete the transactions authorized by
22 the state authority.

23 Sec. 21. An incorporating unit may incorporate a local hos-
24 pital authority under this act for the purposes of constructing,
25 acquiring, reconstructing, remodeling, improving, adding to,
26 enlarging, repairing, owning, and leasing hospital facilities for
27 the use of a hospital within or without the boundaries of the

1 incorporating unit; lending money to a hospital for those
2 purposes; refunding or refunding in advance obligations of a
3 local authority or the state authority INCURRED FOR THE BENEFIT
4 OF A HOSPITAL; or refinancing the indebtedness of a hospital.

5 Sec. 27. A local authority may DO 1 OR MORE OF THE
6 FOLLOWING:

7 (a) Construct, acquire by gift, purchase, lease, or condem-
8 nation, reconstruct, remodel, improve, add to, enlarge, repair,
9 own, and lease hospital facilities, and acquire a site or sites
10 for the HOSPITAL facilities. For the purpose of condemnation, it
11 may proceed under Act No. 149 of the Public Acts of 1911, ~~as~~
12 ~~amended,~~ being sections 213.21 to ~~213.41~~ 213.26 of the
13 Michigan Compiled Laws, or any other appropriate statute. The
14 governing body of an incorporating unit by majority vote of the
15 body's members elected and serving, may transfer any real proper-
16 ty, except cemetery property, owned by the incorporating unit to
17 a local authority established pursuant to this act.

18 (b) Issue revenue bonds to finance all or any part of the
19 project costs of any hospital facilities or to refinance any out-
20 standing indebtedness of a hospital if the local authority deter-
21 mines that the refinancing is necessary to realize the objectives
22 and purposes of this act. Bonds issued to refinance outstanding
23 hospital indebtedness pursuant to this subdivision shall not
24 exceed the amount of principal, interest, and redemption premium,
25 if any, of the indebtedness to be refinanced which has not been
26 paid, plus the marketing, financing, legal, and other costs
27 incurred in connection with the refinancing and the issuance of

1 the bonds, including the costs of funding a bond reserve, and
2 paying capitalized interest on the bonds for a period not to
3 exceed 1 year after the issuance of the bonds. The determination
4 of the local authority under this subdivision shall be conclusive
5 except with respect to the approval of the municipal finance com-
6 mission or its successor agency when prior approval is required.

7 (c) Enter into lease or lease-purchase agreements with a
8 hospital for the use of the hospital facilities. The agreement
9 shall provide that the rents to be charged for the use shall be
10 fixed and revised to produce income and revenues sufficient to
11 pay promptly when due the interest upon and the principal of all
12 bonds issued payable from the income and revenues after provision
13 has been made for the payment of operation and maintenance
14 costs.

15 (d) Mortgage the hospital facilities in favor of the holders
16 of the bonds issued for those HOSPITAL facilities, and may pledge
17 and create a lien in favor of the bondholders on all or part of
18 the funds which are available for payment of principal and inter-
19 est on the bonds.

20 (e) Sell and convey part or all of the hospital facilities
21 and site, including without limitation a sale and conveyance
22 subject to a mortgage, for a price and at a time which the local
23 authority may determine. A sale or conveyance shall not be made
24 in a manner as to impair the rights or interests of the holders
25 of bonds.

26 (f) Make HOSPITAL loans; participate in the making of
27 HOSPITAL loans; undertake commitments; make HOSPITAL loans and

1 mortgages; sell HOSPITAL loans and mortgages at public or private
2 sale; modify or alter HOSPITAL loans and mortgages; discharge
3 HOSPITAL loans and mortgages; foreclose on a mortgage or commence
4 an action to protect or enforce a right conferred upon it by law,
5 mortgage, HOSPITAL loan, contract, or other agreement; bid for
6 and purchase property which was the subject of a mortgage at a
7 foreclosure or other sale and acquire or take possession of the
8 property and in that event complete, administer, pay the princi-
9 pal and interest on any obligations incurred in connection with
10 the property; and dispose of and otherwise deal with the property
11 in any manner necessary or desirable to protect the interests of
12 the local authority in the property. The HOSPITAL loans made by
13 the LOCAL authority may be secured by mortgages or not, as the
14 local authority determines.

15 (g) Loan money to hospitals for the purpose of refinancing
16 outstanding indebtedness of a hospital if the local authority
17 determines that the refinancing is necessary to realize the
18 objectives and purposes of this act. A hospital loan made pursu-
19 ant to this subdivision shall not exceed the amount of the prin-
20 cipal, interest, and redemption premium, if any, of the indebted-
21 ness to be refinanced which has not been repaid, plus the market-
22 ing, financing, legal, and other costs incurred in connection
23 with the refinancing and the issuance of bonds of the local
24 authority issued in whole or in part to provide funds to make the
25 hospital loan described in this subdivision, including the costs
26 of funding a bond reserve and paying capitalized interest on the
27 bonds for a period not to exceed 1 year after the issuance of the

1 bonds. The determination of the local authority under this
2 subdivision shall be conclusive except with respect to the
3 approval of the municipal finance commission or its successor
4 agency when prior approval is required.

5 (h) Employ consulting engineers, architects, attorneys,
6 accountants, construction and financial experts, superintendents,
7 managers, and other employees and agents necessary in its judg-
8 ment and fix their compensation.

9 (i) Receive and accept from a public or private agency loans
10 or grants for or in aid of a project undertaken, or a portion of
11 a project, and receive and accept loans, grants, aid, or contri-
12 butions from any source of either money, property, labor, or
13 other things of value, to be held, used, and applied only for the
14 purposes for which the loans, grants, aid, and contributions are
15 made.

16 (j) Charge, impose, and collect fees and charges in connec-
17 tion with its HOSPITAL loans, commitments, and servicing, includ-
18 ing reimbursement of costs of financing by the local authority,
19 service charges, insurance premiums, and an allocable share of
20 the operating expenses of the local authority; make provision for
21 increasing the fees and charges, if necessary, as the local
22 authority shall determine to be reasonable and as approved by the
23 local authority; and collect fees and charges from the lessees of
24 the hospital facilities sufficient to meet operation and mainte-
25 nance expenses of the LOCAL authority.

1 (k) Exercise its powers and undertake a project for the
2 benefit of a single hospital or the joint benefit of a group or
3 association of 1 or more hospitals.

4 (l) Invest funds not required for immediate use or disburse-
5 ment, at its discretion, in obligations of the state or the
6 United States, in obligations the principal and interest of which
7 are guaranteed by the state or the United States, or in certifi-
8 cates of deposit of a bank which is a member of the federal
9 reserve system or a savings and loan association which is a
10 member of the federal home loan bank system.

11 Sec. 27a. A local authority may lend money to hospitals for
12 the payment of project costs. A hospital loan shall not be made
13 unless the local authority is reasonably satisfied that there
14 will be made available to the hospital from the hospital loan and
15 other sources all the funds necessary to pay the project costs;
16 that the hospital facility and other revenues pledged will
17 produce sufficient revenues to meet the principal and interest on
18 the hospital loan, other costs, expenses, and charges connected
19 with the HOSPITAL loan, and other charges or obligations of the
20 hospital which may be prior or equal to the HOSPITAL loan
21 promptly as they become due; and the hospital is otherwise
22 soundly financed. The hospital loan may be secured by a mortgage
23 of hospital property, including the hospital facility, and may
24 provide for the appointment of a receiver to operate the hospital
25 facilities in case of default. A hospital loan made pursuant to
26 this section shall not exceed the project costs as determined by
27 the local authority. A HOSPITAL loan shall be secured in a

1 manner, be repaid in a period not exceeding 50 years, and bear
2 interest at a rate, as determined by the local authority. The
3 rate may be decreased or increased so that it is not less than
4 the rate paid by the local authority on notes, renewal notes, or
5 bonds issued to fund the HOSPITAL loan.

6 Sec. 28. (1) For the purpose of defraying the project costs
7 of hospital facilities, making hospital loans, refinancing
8 indebtedness of a hospital, or refunding or refunding in advance
9 obligations ~~of~~ ISSUED FOR THE BENEFIT OF A HOSPITAL BY any
10 authority created or incorporated under this act, a local author-
11 ity may borrow money and issue its negotiable bonds. The princi-
12 pal and interest of the bonds shall be payable solely from the
13 net revenues derived from the hospital facilities, from the
14 repayment of hospital loans, from gifts or grants, from amounts
15 derived from the disposition of hospital facilities mortgaged or
16 otherwise pledged as security for payment of the bonds or from
17 investment earnings or profits on any of these sources.

18 (2) A bond or coupon issued pursuant to this act shall not
19 be a general obligation of nor constitute a debt of the local
20 authority or any of the incorporating units within the meaning of
21 any constitutional, charter, or statutory limitation.

22 Sec. 29. A resolution authorizing bonds or an issue of
23 bonds under this chapter may contain provisions, which shall be a
24 part of the contract with the holders of the bonds, as to:

25 (a) The use and disposition of the rentals received under
26 the agreement, or the income from hospital loans and mortgages
27 owned by the local authority, and payment of principal and

1 interest on the HOSPITAL loans and mortgages, including the
2 creation of reserves or sinking funds, and the regulation and
3 disposition of the reserves and sinking funds.

4 (b) The limitations on the purpose to which the proceeds of
5 a sale of notes or bonds may be applied, and pledging those pro-
6 ceeds to secure the payment of the notes or bonds or of an issue
7 of notes or bonds.

8 (c) The limitations on the issuance of additional notes or
9 bonds and the terms and conditions upon which additional notes or
10 bonds may be issued.

11 (d) The maintenance and repair costs of the hospital facili-
12 ties, which costs may be assumed by the lessee hospital, in which
13 event provision need not be made for rental payments to meet the
14 costs.

15 (e) The insurance to be carried on the hospital facilities
16 and the use and disposition of insurance ~~moneys~~ MONEY.

17 (f) The terms and conditions upon which the holder of the
18 bonds, or a portion of the bonds, or any trustees therefor, shall
19 be entitled to the appointment of a receiver by a court which has
20 jurisdiction in the proceedings, and which receiver may enter and
21 take possession of the hospital facilities and lease and maintain
22 the HOSPITAL facilities, prescribe rentals, and collect, receive,
23 and apply all income and revenues thereafter arising from the
24 HOSPITAL facilities in the same manner and to the same extent as
25 the ~~hospital~~ LOCAL authority might do.

26 (g) The procedure by which the terms of a contract with
27 noteholders or bondholders may be amended or abrogated, the

1 amount of notes or bonds the holders of which must consent to an
2 amendment or abrogation, and the manner in which the consent may
3 be given.

4 (h) The vesting in 1 or more trustees of the property,
5 rights, powers, remedies, and duties which the local authority
6 considers necessary or convenient.

7 Sec. 32. If it considers refunding expedient, a local
8 authority may periodically issue bonds to refund or refund in
9 advance bonds or notes issued FOR THE BENEFIT OF A HOSPITAL by
10 the local authority, any other local authority, or the state
11 authority, by the issuance of new bonds pursuant to the require-
12 ments of sections 43a to 43g.

13 Sec. 43a. (1) Refunding bonds of an authority created or
14 incorporated under this act, issued pursuant to section 14(2) or
15 32, may be issued in 1 or more series, to refund any series of
16 bonds or notes, in whole or in part, issued by that authority,
17 issued FOR THE BENEFIT OF A HOSPITAL by any other authority cre-
18 ated or incorporated under this act, or issued for the benefit of
19 a hospital by an economic development corporation incorporated
20 pursuant to the economic development corporations act, Act
21 No. 338 of the Public Acts of 1974, being sections 125.1601 to
22 125.1636, or in the case of the state authority by ~~an~~ ANY
23 entity for the benefit of ~~a hospital~~ AN INSTITUTION, whether
24 the bonds to be refunded have or have not matured, are or are not
25 redeemable on the date of the issuance of the refunding bonds, or
26 are or are not subject to redemption prior to maturity. The
27 bonds may be issued partly to refund bonds and partly for any

1 other purpose authorized by this act. Refunding bonds shall not
2 be issued to refund bonds that do not mature or will not be
3 redeemed pursuant to the plan of refunding within 40 years after
4 the date of issuance of the refunding bonds. The refunding bonds
5 may be issued in a principal amount greater than the principal
6 amount of the bonds to be refunded, as may be necessary to effect
7 the refunding pursuant to the plan of refunding. Refunding bonds
8 shall not be issued unless the authority issuing the bonds is
9 reasonably satisfied that the ~~hospital facility~~ FACILITIES and
10 other revenues pledged will produce sufficient revenues to meet
11 the principal and interest on the refunding bonds, other costs,
12 expenses, and charges in connection with the issuance of the
13 refunding bonds, and the charges or obligations of the ~~hospital~~
14 INSTITUTION which may be prior to or equal to the refunding bonds
15 promptly as they become due; and that the ~~hospital~~ INSTITUTION
16 is otherwise soundly financed.

17 (2) Refunding bonds may be issued for any 1 or more of the
18 following purposes:

19 (a) To reduce debt service costs on the basis of the total
20 amount of debt service to be paid on the refunding bonds as com-
21 pared with the total amount of debt service that would be
22 required to be paid on the bonds to be refunded should the
23 refunding not occur.

24 (b) To reduce debt service costs on the basis of the present
25 value of debt service to be paid on the refunding bonds as com-
26 pared with the present value of debt service that would be

1 required to be paid on the bonds to be refunded should the
2 refunding not occur.

3 (c) To produce a repayment schedule on the refunding bonds
4 more favorable to the ~~hospital~~ INSTITUTION than the repayment
5 schedule on the bonds to be refunded..

6 (d) To eliminate restrictions or requirements determined by
7 the authority to be excessively burdensome to the ~~hospital~~
8 INSTITUTION.

9 Sec. 43c. (1) The principal of, and interest and redemption
10 premiums, if any, on refunding bonds issued by the state author-
11 ity pursuant to section 14(2) shall be payable from 1 or more of
12 the following sources:

13 (a) Proceeds of the repayment of the loan described in sub-
14 section (2) and any investment earnings or profits on those
15 proceeds.

16 (b) Proceeds of the refunding bonds.

17 (c) Investment earnings or profits on the proceeds of the
18 refunding bonds.

19 (d) Any other properties, revenues, or ~~moneys~~ MONEY of the
20 state authority, as provided in the resolution authorizing the
21 issuance of the refunding bonds, and any investment earnings or
22 profits on those properties, revenues, or ~~moneys~~ MONEY, subject
23 only to an agreement with the holders of particular notes or
24 bonds pledging particular properties, revenues, or ~~moneys~~
25 MONEY.

26 (2) The state authority shall enter into a loan agreement,
27 or a supplement or amendment to an existing loan agreement, with

1 the ~~hospital~~ INSTITUTION whose facilities were financed or
2 refinanced by the proceeds of the bonds to be refunded, or with
3 the ~~hospital's~~ INSTITUTION'S successors, with respect to the
4 loan from the STATE authority to the ~~hospital~~ INSTITUTION aris-
5 ing from the issuance of the refunding bonds.

6 Sec. 43e. (1) The principal of, and interest and redemption
7 premiums, if any, on refunding bonds issued by a local authority
8 pursuant to section 32 shall be payable from 1 or more of the
9 following sources:

10 (a) The net revenues derived from the hospital facilities
11 financed or refinanced from the proceeds of the bonds to be
12 refunded and any investment earnings or profits on those
13 revenues.

14 (b) Proceeds of the repayment of the HOSPITAL loan described
15 in subsection (2) and any investment earnings or profits on those
16 proceeds.

17 (c) Proceeds of the refunding bonds.

18 (d) Investment earnings or profits on the proceeds of the
19 refunding bonds.

20 (e) Gifts or grants, or amounts derived from disposition of
21 hospital facilities, mortgaged or otherwise pledged as security
22 for the payment of the refunding bonds, or investment earnings or
23 profits on those gifts, grants, or amounts.

24 (2) If there arises from the issuance of the refunding bonds
25 a HOSPITAL loan from the local authority to the hospital whose
26 facilities were financed or refinanced by the proceeds of the
27 bonds to be refunded, or its successors, the local authority

1 shall enter into a HOSPITAL loan agreement, or a supplement or
2 amendment to an existing HOSPITAL loan agreement, with the hospi-
3 tal with respect to the HOSPITAL loan. A bond or coupon issued
4 pursuant to this section shall not be a general obligation of,
5 nor constitute a debt of, the local authority or any of the
6 incorporating units within the meaning of any constitutional,
7 charter, or statutory limitation. An indebtedness evidenced by
8 the bonds or notes to be refunded shall not be or become, as a
9 result of the issuance of the refunding bonds, a general obliga-
10 tion of, nor constitute a debt of, the local authority or any of
11 the incorporating units within the meaning of any constitutional,
12 charter, or statutory limitation.

13 Sec. 43f. (1) Except as provided in subsection (2), the
14 proceeds of the refunding bonds issued pursuant to section 14(2)
15 or 32 and the investment earnings or profits on those proceeds
16 may be used to pay all or any part of any 1 or more of the
17 following:

18 (a) Principal of the bonds to be refunded, upon their matu-
19 rity or earlier redemption.

20 (b) Interest accruing on the bonds to be refunded from the
21 interest payment date last preceding the issuance of the refund-
22 ing bonds, to the date the bonds to be refunded are paid, at
23 maturity or earlier redemption.

24 (c) Redemption premiums, if any, on the bonds to be refund-
25 ed, and the cost of redemption or payment of the bonds to be
26 refunded.

1 (d) Incidental costs of the issuance of the refunding
2 bonds.

3 (e)-The funding of a reasonable reserve fund for the refund-
4 ing bonds, in an amount established by the resolution authorizing
5 the sale of the refunding bonds.

6 (f) Principal of, and interest and redemption premiums, if
7 any, on any or all series of the refunding bonds.

8 (2) The resolution or other documents pursuant to which the
9 refunding bonds are issued may provide that investment earnings
10 or profits on the proceeds of the refunding bonds may be paid or
11 rebated to the ~~hospital~~ INSTITUTION whose facilities were
12 financed or refinanced by the proceeds of the bonds to be refund-
13 ed, or to the ~~hospital's~~ INSTITUTION'S successors.

14 Sec. 47. ~~Before a state or local authority adopts a reso-~~
15 ~~lution authorizing the issuance of bonds or notes and as a condi-~~
16 ~~tion precedent to the authority to issue the bonds or notes, a~~
17 ANY HOSPITAL BORROWING OR LEASING FROM AN AUTHORITY UNDER THIS
18 ACT SHALL DEMONSTRATE TO THE AUTHORITY THAT IT HAS OBTAINED ANY
19 certificate of need ~~shall be obtained pursuant to Act No. 256 of~~
20 ~~the Public Acts of 1972, as amended, being sections 331.451 to~~
21 ~~331.462~~ THAT MAY BE REQUIRED BY PART 222 OF THE PUBLIC HEALTH
22 CODE, ACT NO. 368 OF THE PUBLIC ACTS OF 1978, BEING SECTIONS
23 333.22201 TO 333.22260 of the Michigan Compiled Laws. ~~, or a~~
24 ~~determination shall be secured from the agency issuing the cer-~~
25 ~~tificate of need that a certificate is not necessary for the~~
26 ~~project.~~ This section shall not apply to refinancing of
27 ~~present~~ indebtedness or to refunding or advance refunding of

1 bonds or notes. ~~, provided, however, that prior to the issuance~~
2 ~~of bonds pursuant to section 14(2) or section 32, entirely for~~
3 ~~the purpose of refunding or advance refunding bonds of any~~
4 ~~authority created or incorporated under this act, and prior to~~
5 ~~the issuance of bonds pursuant to section 12(d) or sections 27(b)~~
6 ~~or 28, entirely for the purpose of refinancing indebtedness of a~~
7 ~~hospital, the authority issuing the bonds shall determine that~~
8 ~~the issuance of the bonds is not inconsistent with a hospital bed~~
9 ~~reduction plan, if such a plan has been developed and is applica-~~
10 ~~ble to the hospital facilities in connection with which the bonds~~
11 ~~are issued, which is part of the state medical facilities plan~~
12 ~~approved by the statewide health coordinating council, and the~~
13 ~~determination of the authority issuing the bonds shall be~~
14 ~~conclusive.~~

15 Sec. 52. ~~The~~ EACH authority shall require that use of
16 ~~hospital~~ facilities assisted under this act shall be open to
17 all regardless of race, religion, COLOR, sex, ~~or~~ creed, OR
18 NATIONAL ORIGIN, EXCEPT THAT THERE MAY BE RESTRICTIONS ON THE
19 BASIS OF SEX IN THE ASSIGNMENT OF STUDENT LIVING FACILITIES
20 ASSISTED UNDER THIS ACT, and that contractors and subcontractors
21 engaged in the construction or alteration of ~~hospital~~ facili-
22 ties assisted under this act shall provide an equal opportunity
23 for employment, without discrimination as to race, religion,
24 COLOR, sex, ~~or~~ creed, OR NATIONAL ORIGIN. The ~~hospital~~
25 INSTITUTION to which any ~~hospital~~ loan is made shall covenant
26 with the authority MAKING THE LOAN that the nondiscrimination
27 provision shall be enforced.